

AC-406

July – August 2023
Master of Business Administration (MBA) Examination

(Full Time) (New) Fourth Semester
FT 403-F : INTERNATIONAL FINANCE

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions from Section A. Each question carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. What do you understand by Purchasing Power of Parity (PPP) ? Explain with examples.
2. (a) Define and differentiate between Spot Market and Forward Market.
 (b) Explain different types of Arbitrage available in Foreign Exchange Markets.
3. What are the key features of International Tax System ? Explain.
4. How Cash Management is done in MNC's as a part of Working Capital Management ? Explain.
5. What are the various Techniques of International Cash Management ? Explain any two in detail.
6. Write short notes on any two of the following :
 - (a) International Fisher Effect.
 - (b) Advantages of Euro Issues.
 - (c) ADR.

Section B

7. (a) Find out the amount of profit out of covered interest if interest rate in India and the USA is respectively 9% and 4.5% and spot and 6 month forward exchange rates are respectively Rs. 45.000 and Rs. 45.20.
- (b) The following rates are quoted in the market :

USD 1 – Rs. 6.50
 USD 1 – CHF 1.5030
 CHF 1 – Rs. 30.90

 - (i) Show how you can make triangular arbitrage profit by trading at these rates.
 - (ii) If you are trading with Rs. 10 lakhs, what will be your arbitrage profit ?
 - (iii) At what rate between Swiss Franc and Rupee the arbitraging profit will be eliminated ?